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FIRST COUNTRY COOPERATION FRAMEWORK FOR CUBA (1997-2001)

CONTENTS

		Paragraphs	Page
INTRODUCTION		1	2
I.	DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	2 - 8	2
II.	RESULTS AND LESSONS OF PAST COOPERATION	9 - 11	3
III.	PROPOSED STRATEGY AND THEMATIC AREAS	12 - 36	4
	A. Consolidation and development of the social sectors	18 - 23	5
	B. Restructuring and consolidation of the production sectors	24 - 30	6
	C. Recovery of the Cuban economy	31 - 32	7
	D. Conservation of the environment and rational use of natural resources	33 - 36	7
IV.	MANAGEMENT ARRANGEMENTS	37 - 43	8
Annex.	Resource mobilization target table for Cuba (1997-2001)		10

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INTRODUCTION

1. The first country cooperation framework for Cuba, which covers the period 1997-2001, was established on the basis of a continuous consultation process between the Government of Cuba and the United Nations Development Programme (UNDP). The framework takes into account UNDP Governing Council decisions 94/14, 95/22 and 95/23. The consultation process began with the signing of a letter of intent by the Government of Cuba and UNDP in October 1994, which has proved to be an effective instrument for the formulation of a cooperation framework extended to new thematic areas. These areas fully coincide with the recommendations and conclusions of the mid-term review of the fifth programme for Cuba, which was carried out in December 1995. The opinions contained in the unofficial UNDP advisory note and the Government's reply, which was also unofficial, were also taken into consideration in the process.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Cuba has achieved a very significant level of social development over the last three decades. National income distribution is among the most equitable in the region and there is universal access to health, education and social security. Cuba has been able to build an equitable society and has eliminated critical poverty; this is shown by the following indicators:

Population with access to health services*	100%
Adult literacy rate**	95%
Infant mortality rate*	7.8 per 1,000
Access to drinking water**	93%
Doctors for every 10,000 inhabitants*	49.1
Nurses for every 10,000 inhabitants*	65
Pupil/teacher ratio, primary level**	12
Life expectancy at birth***	75 years
Gender-related development index**	59th position worldwide
Gender empowerment measure**	21st position worldwide

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* Source: Analysis of the Cuban health sector, 1996, Ministry of Public Health, Pan-American Health Organization.

** Source: Human Development Report 1996.

*** Source: Cuban social and demographic indicators, by territories, 1995, National Statistics Office.

3. The sustainability of human development in Cuba may, however, be seriously curtailed by the deterioration in its economic base. Since 1989, Cuba's economic development has been profoundly affected by events in the countries of Eastern Europe and, in particular, in the former Soviet Union.

4. From 1989 to 1993, the gross national product (GNP) fell by 35 per cent and imports decreased by 75 per cent. This economic crisis, which corresponded to the so-called "special period", has been reflected in all sectors of the country's economy and has resulted in a deterioration in the overall quality of life.

5. The level of human development and equity that Cuba had attained was put at risk by the downturn in the economy. In this context, the Government of Cuba prepared a strategy to confront the new situation with a series of measures aimed at responding to the challenges of the "special period". The principal premise of the strategy has been to initiate a process of economic recovery in order to consolidate the social gains. Application of this series of measures has slowed the deterioration of the economy. In 1994, it began to grow again (0.7 per cent in 1994, 2.5 per cent in 1995 and 7.8 per cent in 1996) and the State's fiscal deficit shrank from 33 per cent of GNP in 1992 to 3.0 per cent in 1996.

6. As to gender issues, it is worth mentioning that women occupy a privileged position in Cuba when compared to other developing countries, although there is still some way to go until they have the same opportunities as men for access to executive positions in social and economic circles.

7. Under the Cuban Constitution, the State is responsible for protecting the environment and natural resources; in this case too, however, economic difficulties have conspired against the political will.

8. In conclusion, it should be highlighted that Cuba's situation is different from that of most developing countries because of what has been achieved already and because of the equity attained in the social sector, although these results can only be maintained if the economy recovers. In consequence, this essentially different situation calls for two convergent lines of action: poverty prevention instead of poverty eradication; and preserving equity instead of promoting equity.

II. RESULTS AND LESSONS OF PAST COOPERATION

9. The fifth programme was aimed at consolidating the results of actions that Cuba had been carrying out in the field of scientific and technological research, namely: (a) intensive application of new technologies to expand food production; (b) technology transfer to increase exports of goods and services; and (c) support for scientific and technological programmes linked to non-traditional exports.

10. The mid-term evaluation of the fifth programme demonstrated its relevance to the solution of problems during the most critical period for the Cuban economy. It also highlighted the Cuban Government's contribution to its implementation, the appropriate use of the allocated funds and a 90 per cent level of achievement in the national implementation modality.

11. During this cycle, the impacts and results of the programme have been: (a) promotion of national and foreign investments; (b) development of new

technologies and intensification of semi-industrial and industrial pilot processes; and (c) consolidation of the country's scientific and technological base and its human resources.

III. PROPOSED STRATEGY AND THEMATIC AREAS

12. In view of the lessons learned from the fifth programme for Cuba and the comparative advantages of UNDP, such as its neutrality, experience, ability to support strategic government objectives and multidisciplinary and intersectoral approach, the Government of Cuba decided that the general objective for its collaboration with UNDP under the first country cooperation framework should focus on poverty prevention and equity preservation, so as to guarantee the continuity of its human development strategy.

13. Within this strategy, the first cooperation framework will focus on the two central aspects of the national development process, namely, consolidation of what has been achieved in the social sector, and the recovery of the national economy. Emphasis will therefore be placed on economic restructuring in order to prevent poverty and guarantee access to a high level of social services. Activities to protect and rehabilitate the environment will also be taken into consideration. The advancement of women will be another important component so as to consolidate and improve the training and empowerment indicators already attained by Cuba. Lastly, inter-agency programme initiatives related to the HIV/AIDS pandemic will be included in the first framework.

14. In the context of the economic and administrative reforms the Government is undertaking and the efforts to consolidate and improve on achievements in the social sector, UNDP is expected to play a catalytic role in supporting the strategies and policies defined by the Government. In any case, development strategies, where the human being is a beneficiary but also an active participant, fall within the sustainable human development approach promoted by UNDP. In this context, and in view of the very nature of its cooperation, UNDP is well placed to strengthen national capacity (a) to identify options and alternatives for sectoral policies and to strengthen the institutions responsible for implementing them; (b) to coordinate external cooperation by developing the necessary capacity and instruments; and (c) to mobilize financial, technical and scientific resources and to access worldwide information networks.

15. It is believed that a cooperation effort with a greater emphasis on a macro-scale approach would make a valuable contribution to critical aspects of the present Cuban development process, while remaining consistent with the strategic guidelines which the Government defines in exercise of its sovereignty and in determination of its own development model.

16. Bearing in mind that the Government has primary responsibility for establishing priorities and coordinating, harmonizing and articulating all external cooperation, it is hoped that there will be an effective coordination among all the organizations of the United Nations system to support the efforts of the Cuban authorities to preserve their achievements in the social sector. In this respect, and in view of the widespread needs for development

cooperation, UNDP assistance should be concentrated on actions having a major catalytic effect on Cuba's current transformation process.

17. In view of the limited resources available and the need to concentrate collaboration on a small number of areas, four thematic areas have been selected for the first cooperation framework. These areas, which are closely interrelated in respect of achieving the objectives of sustainable economic and social development, are as follows: (a) consolidation and development of the social sectors; (b) restructuring and consolidation of the production sectors (in particular, non-traditional exports); (c) recovery of the Cuban economy; and (d) protection of the environment and rational use of natural resources.

A. Consolidation and development of the social sectors

Programme of protection for vulnerable groups

18. The Government of Cuba is committed to preserving the equity which has characterized Cuban society for more than three decades and to protecting vulnerable groups.

19. Under this programme, UNDP activities will support the design and implementation of cooperation frameworks which benefit vulnerable groups. When these activities have been completed, the national capacity to design a series of measures to prevent poverty and to preserve the equity which has been achieved by Cuban society will have been strengthened. Furthermore, cooperation frameworks to protect vulnerable groups will have been defined and support will have been provided for their implementation, placing special emphasis on health and food security and on the formulation and execution of locally based human development programmes centred on vulnerable groups, which could be duplicated on a national scale.

Programme for Labour Retraining and Employment Promotion

20. Labour retraining and employment promotion have been one of the Government's fundamental concerns under the economic recovery and austerity measures which have been in force in recent years.

21. With the support of other organizations, UNDP assistance will enable the Government to strengthen its institutional capacity to determine policy and programme options and alternatives. Furthermore, it will provide aid in the design and implementation of a cooperation framework for retraining and reclassifying the workforce, increasing productivity and promoting alternative sources of work. This aid programme should result in a series of measures which promote productive employment and offer options for the reclassification of the Cuban workforce, together with projects and activities supported by international cooperation.

National Higher Education Computer Sciences Programme

22. The Government of Cuba has given priority to the National Higher Education Computer Sciences Programme, which is aimed at preserving the development and

modernization of higher education courses in this field, because of their strategic importance for the overall development of the country.

23. Under this programme, UNDP, together with other organizations, will focus on providing technical support for developing modern teaching techniques in this field in Cuban higher education establishments. On completion of the programme, the bases will have been established for the design and implementation of the process, so that it will be continuous and sustainable throughout the higher education system.

B. Restructuring and consolidation of the production sectors

Industrial Restructuring Programme

24. The integrated transformation programme carried out by the national authorities calls for the restructuring of the industrial sector with the aim of changing the bases of production, improving competitiveness and establishing a flexible and efficient framework for the promotion of foreign investment.

25. Under this programme, UNDP activities will be aimed at strengthening national capacity in the following areas: industrial restructuring, investment promotion and development of a series of tourism-related industries. On completion, this collaborative effort will have formulated a cooperation framework and launched strategic initiatives to support the restructuring process in the areas mentioned above.

Biotechnology Development Programme

26. In recent years, Cuba has developed its capacity for research, development and production in the field of biotechnology. As a consequence of the high standards it has achieved, the country is beginning to gain a niche in the world market for its products and services in this sector.

27. The UNDP contribution will focus on strengthening the export capacity of the pharmaceutical and biotechnological industries, and on support, when needed, for actions which are strategically relevant to implementing this capacity. On completion of this collaborative effort, the national capacity for registering processes and technologies in these industries will have been strengthened and, furthermore, the tools and human resources needed in order to gain a better position in the global market will have been developed.

Telematics Programme

28. Modern information and communication technologies have paved the way to a socio-economic revolution in which Cuba hopes to take part. It needs to put these technologies to the best possible use in line with the country's social and economic development interests. UNDP, together with other specialized agencies, will support the Government in the formulation of short- and medium-term cooperation frameworks to develop this sector. As a result of this collaboration, a series of strategic alternatives and courses of action for the development of future cooperation in the sector will have been determined; the

capacity of national centres which are vital for access to world information networks will have been strengthened; and electronic networks in national institutions will have been expanded.

Programme for the Export and Subcontracting of Technical Assistance and Services

29. Cuba has considerable human resource capacity in its research institutes, laboratories and educational establishments, and it could increase the use of these resources in international and horizontal cooperation.

30. UNDP will support the utilization of this potential by helping to determine cooperation opportunities in the commercial and the scientific and technical sectors, in both industrialized and developing countries. On completion of these activities, opportunities for collaboration with industrialized countries will have been identified and technical and economic cooperation among developing countries will have been promoted.

C. Recovery of the Cuban economy

31. The institutional and operational transformations accompanying the economic recovery in Cuba call for new administration and management techniques both in the civil service and in State enterprises.

32. In order to support these actions, UNDP will help strengthen the capacities of the Ministries of the Economy and Planning, Finance and Prices, and Labour and Social Security, and the Central Bank of Cuba. On completion of this collaborative effort, new systems of analysis and forecasting, management, monitoring and control will have been formulated and implemented in sectors such as taxes, budget administration, planning, financial management and other related sectors.

D. Conservation of the environment and rational use of natural resources

33. UNDP, through initiatives under the Global Environment Facility (GEF) and the Montreal Protocol, will continue to collaborate in formulating cooperation frameworks for the protection of biological diversity; protecting coastal ecosystems; institutional strengthening of the national forestry service; modernizing industries which are harmful to the ozone layer; and strengthening national capacity in matters related to climate change.

34. In this sector, the anticipated results will focus on strengthening national capacity by developing the legal framework for environmental issues, introducing modern management systems for the study, evaluation and monitoring of the effects of production activities on the environment and creating a series of operative and technical tools for the protection and rational use of natural resources.

National Energy Programme

35. An inadequate supply of energy is a critical factor in the country's economy at the present time. In this sector, the challenge is to reduce external dependency, to make the best use of renewable resources and to increase energy efficiency.

36. The UNDP contribution to this programme will focus on support for strengthening national capacity to promote the use and development of alternative sources of energy and apply energy savings and efficiency measures, with emphasis on energy generation and transmission. On completion, this cooperation will have strengthened national capacity in the design of systems to produce energy from sugar cane biomass; the production of elements which make it possible to expand the use of solar energy; the development of a network of small hydroelectric plants; and the improvement of efficiency and sustainability in energy generation and transmission.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

37. The first UNDP country cooperation framework with Cuba will be implemented using the national implementation strategy and the programme approach.

38. Within the national implementation framework, support will be mobilized from appropriate United Nations specialized agencies for carrying out short-term strategic activities within the framework of cooperation agreements.

39. The programme approach will permit greater flexibility in the design of activities and better adaptation to the country's needs. It will also enable more substantive and effective planning of activities and resources, with the participation of various actors.

40. Systematic use must be made of the country's potential, which has been achieved thanks to considerable investments and the continual development of human resources over the past 30 years, in order to bring in foreign currency through the export and/or subcontracting of services and to promote exchanges among developing countries. This type of relationship between Cuba and other States will therefore be promoted, and advantage will be taken of certain instruments such as the programme for technical cooperation among developing countries (TCDC) and the United Nations Volunteers programme.

Monitoring and review

41. The quality and results of the aid mobilized within the cooperation framework will be subject to systematic review, by means of feedback activities and overall analysis of the results achieved through the planned activities. To that end, key elements will include the establishment of an integrated management information system, studies of the results achieved in the areas concerned, periodic visits, tripartite meetings, progress reports, technical evaluations, etc.

42. The achievements, quality and results of cooperation will be examined annually by the UNDP office in Cuba, jointly with the appropriate UNDP Regional Bureau. Every two years, a report will be prepared jointly by the Government and UNDP for subsequent review, and submitted through the Programme Management Oversight Committee for consideration by the Executive Board of UNDP. The report will emphasize: (a) the results of cooperation in terms of the indicators and goals established in the cooperation framework, (b) management and policy issues and (c) financial aspects, including resource mobilization.

Resource mobilization

43. Resource mobilization will constitute a critical aspect of the first cooperation framework, owing to both the scarcity of resources financed directly by UNDP and the role the latter is expected to play in securing additional resources in support of the process of mobilizing external cooperation promoted by the Government. UNDP will support the formulation and implementation of multi-bilateral cooperation frameworks in order to support the country programmes listed in this cooperation framework.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR CUBA (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	893	
TRAC 1.1.1	3 330	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	1 000	
Other resources	300	
SPPD/STS	175	
Subtotal	5 698[a]	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds	22 400 of which: Capacity 21 500 GEF 21 700 Montreal Protocol 200	
Third-party cost-sharing	9 500	Italy 8 000 Other bilateral 1 500
Funds, trust funds and other	400	UNIFEM
Subtotal	32 300	
GRAND TOTAL	37 998[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and UNIFEM = United Nations Development Fund for Women.